



Missouri HERO Program Handbook

April 2018- Version 1.4

An energy efficiency financing program for homes in your community

Table of Contents

1 Program Introduction.....1

1.1 Program Overview 1

1.2 Handbook Structure..... 2

1.3 Other Terms and Disclaimers 2

2 Program Contact Information2

2.1 Program Website..... 2

2.2 Program Call Center 3

2.3 Program Contact Information and Other Useful Resources 3

3 Future Program Changes4

4 Program Eligibility Requirements4

4.1 Eligible Properties..... 4

4.2 Eligible Property Owners..... 5

4.3 Eligible Assessment Amounts..... 6

4.4 Eligible Products 7

4.5 Eligible Costs..... 8

4.6 Eligible Contractors 8

4.7 Eligible Assessment Terms..... 8

4.8 Eligible Rebate Programs and Tax Credits..... 9

4.9 Eligible Number of Assessments 9

5 Program Requirements.....9

5.1 HERO Registered Contractor Application and Registration 9

5.2 Building Permits and Inspection 10

5.3 Fraudulent Activity..... 10

5.4 Required Documents 10

6 Financial Terms..... 10

6.1 Costs to Apply 10

6.2 Assessment Costs 10

6.3 Assessment Repayments..... 11

6.4 Prepayments..... 11

7 Program Process 11

7.1 Process Overview 11

7.2 Step 1: Apply 12

7.3 Step 2: Obtain Product Approval 14

7.4 Step 3: Sign Financing Documents 15

7.5 Step 4: Install Eligible Product(s) 16

7.6 Step 5: Payment Issued 16

7.7 Record Lien on Property and Issue Payment 18

7.8 Assessment 18

8 Dispute Resolution 18

9 Additional Requirements and Terms..... 19

10 Appendices..... 20

Appendix D: Eligible Products List 27

1 Program Introduction

1.1 Program Overview

The Missouri Clean Energy District (the “District”) created the Missouri Clean Energy District Program (the “Missouri HERO Program” or “Program”) to enable member communities within its jurisdiction to elect to participate in the Program and thereby enable the Program to provide homeowners and businesses with financing to pay for the purchase and installation of energy efficiency and renewable energy products, and other improvements approved under Missouri law.

Once a city, county, town, village or other municipality has elected to participate in the Program (each, a “Participating Entity”), owners of homes within such city, county, town, village or other municipality may obtain financing through the Program. HERO financing will be an assessment on their property tax bill. Participation in the Program is completely voluntary. Property owners participating in the Program (“Property Owners”) agree to repay the amount financed over a 5-, 10-, 15- or 20-year period dependent upon the Eligible Products being financed.

To see if your property is located in a participating area, enter your information at <http://www.renovateamerica.com>. If your municipality has not yet signed up, we recommend you contact one of your local elected officials and ask them to contact us so you can obtain HERO Financing.

Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. A full understanding of any item listed below can be gained only by reviewing the relevant laws, policy statements, and/or the contractual documents related to the Program. The Program Administrator is committed to your understanding each of the items listed below before you enter into an Assessment Contract, and invites you to ask Program representatives any questions regarding these items or if you need copies of any document related to the Program.

Program Disclosures and Disclaimers

Existing Mortgage. The Program establishes the manner by which the District may finance, pursuant to Sections 67.2800 through 67.2835, of the Revised Statutes of Missouri, as amended (collectively, the “PACE Act”) and the issuance of improvement bonds pursuant to the PACE Act, the Constitution and statutes of the State of Missouri, and a resolution adopted by the District, the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between the Property Owner and the District.

BEFORE COMPLETING A PROGRAM APPLICATION, PROPERTY OWNERS SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH THE PROPERTY OWNER IS A PARTY. ENTERING INTO A PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO THE PROPERTY OWNER, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY THE DISTRICT. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

If your lender requires an impound for your property taxes, please consider notifying them of the annual assessment payment amount so they can adjust your impound amount.

Foreclosure. After January 1st of each year, the District or the county collector shall have the right to have such delinquent special assessment, penalties and interest immediately enforced through a foreclosure action or a land

tax sale that could result in a sale of the Property for the payment of such delinquent special assessment, penalties, interests and associated costs.

1.2 Handbook Structure

The purpose of the Program Handbook is to help Property owners apply for and receive financing for renewable energy systems and energy products and other improvements approved under Missouri law. The Program Handbook is divided into nine sections plus appendices, which will take the reader through the process necessary to complete and fund the Eligible Products. For the meanings of capitalized terms used in this Program Handbook, please see Appendix A – Glossary of Terms.

- Section 1: Program Introduction provides a brief overview of Program basics;
- Section 2: Program Contact Information;
- Section 3: Future Program Changes to the Handbook;
- Section 4: Program Eligibility describes eligibility requirements for residential properties, Property Owners, and Eligible Products;
- Section 5: Program Requirements outlines the requirements for Program participation;
- Section 6: Financial Terms outlines the cost of the Program;
- Section 7: Program Process provides a detailed description of the Program process;
- Section 8: Dispute Resolution provides summary of steps to take if an applicant wishes to dispute decisions by the Program;
- Section 9: Additional Requirements and Terms provides information about additional Program requirements and terms; and
- Appendices: Appendices provide important forms, definitions and Eligible Products List, which are required by the Program.

For purposes of the Program Handbook, all references to “days” are in calendar days, unless otherwise specified.

1.3 Other Terms and Disclaimers

All parties (Property Owners, contractor, etc.) participating in the HERO Program **must** read this Program Handbook, including the Additional Requirements and Terms in Appendix B.

Applicants will be required to certify that they have read the Additional Requirements and Terms as a precondition to participating in the Program.

This section outlines many of the legal issues associated with the Program, including the responsibilities and obligations of both participating Property Owners and Program staff.

2 Program Contact Information

2.1 Program Website

The Program website provides a variety of useful information, including information on how the Program works, Eligible Products, available rebates and tax credits, a list of contractors who have registered with the Program and attended the Program orientation, and Program news and events. In addition, residential Property Owners will be able to apply to participate in the Program online and contractors will be able to apply to become a Renovate America

Registered Contractor online. Frequently Asked Questions, the Eligible Products List, and certain other documents are also available for download. The Program website address is www.renovateamerica.com.

2.2 Program Call Center

Property Owners and contractors may call 855-HERO-411 to ask questions about the residential financing Program or request a copy of the application by mail or email.

Please see the Program website at www.renovateamerica.com for current call center operation times, phone number and other relevant information. Please note we may be closed on certain holidays. Phone calls with the Program Call Center may be monitored or recorded for customer service and training purposes.

2.3 Program Contact Information and Other Useful Resources

General questions about the Program can be answered by visiting the Program website at www.renovateamerica.com, calling the Program's toll free number at 855-HERO-411, or clicking "Chat Now" at the top of any HERO Program webpage.

Program Contacts

Renovate America, Inc.	Program Call Center Number: 855-HERO-411	16409 W. Bernardo Drive, San Diego, CA, 92127
	HERO Property Advisor Call Center Number (Post-Funding Questions): 855-225-HERO	
	Program Fax Number: (858) 815-6860	
	Program Email: info@heroprogram.com	
	Contractor Email: contractor@heroprogram.com	

Other Useful Information

Missouri Clean Energy District Program	The Missouri Clean Energy District Program offers financing for energy efficiency and renewable energy improvements and other improvements allowable under Missouri law for residential, commercial, and multi-family properties.	www.mced.mo.gov
Building Performance Institute	BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs.	www.bpi.org (877) 274-1274



DSIRE

DSIRE is a comprehensive source of information on state, federal, local, and utility incentives and policies that support renewable energy and energy efficiency.

www.dsireusa.org

Energy Star

Energy Star is a government-backed program helping businesses and individuals protect the environment through superior energy efficiency. Energy Star provides energy efficiency standards, qualified and labeled energy efficiency products and recommended installation methods, among other things.

www.energystar.gov

Energy Star Hotline for questions about specific products (888) 782-7937

Federal Tax Credits

Information page about federal tax credits available for energy efficiency and renewable energy improvements.

energy.gov/energysaver/energy-saver

State and Local Rebates

Contact your local utility company for more information.

Contact your local utility company.

3 Future Program Changes

The District reserves the right to change the Program and its terms at any time; however, any such change will not affect a Property Owner's existing obligation to pay the contractual assessment agreed to in an executed Assessment Contract.

A Property Owner's participation in the Program will be subject to the regulations and terms set forth in this Program Handbook and other documents that constitute the agreement between the District and the Property Owner. If any provisions of this Program Handbook are determined to be unlawful, void, or for any reason unenforceable, then that provision shall be deemed severable from the Program Handbook and shall not affect the validity and enforceability of any remaining provisions.

4 Program Eligibility Requirements

Potential property applicants should carefully review this section in order to determine whether they, the property, and the desired project are eligible for the Program before submitting an application. Program eligibility requirements fall into the following categories: property requirements, Property Owner requirements, assessment amount requirements, product requirements, cost requirements, eligible terms, eligible rebates and tax credits, and eligible number of assessments.

4.1 Eligible Properties

To be eligible, the property must be subject to the payment of property taxes. Residential properties are generally eligible, with the following limitations as set forth below:

4.1.1 Property Must Be Located in a HERO Community

Property must be located within the boundaries of a city, county, town, village or other municipality that has adopted a resolution to join the Missouri HERO Program.

4.1.2 No "New Construction"

Only improved properties will qualify for Program financing. Additionally, new construction shall not qualify unless ownership has already been transferred from the developer to Property Owner.

4.1.3 Mobile and Manufactured Homes

Only mobile and manufactured homes that are permanently attached to the real property shall qualify. Property Owner must own the underlying land and pay real property taxes (not DMV fees).

4.1.4 Condominiums and HOA Controlled Properties

Condominium and HOA controlled properties may qualify for the Program, pending management or association approval of requested Program improvements. It is the responsibility of the Property Owner to obtain any required written authorization from the Home Owner's Association management stating that the requested Eligible Products may be installed on the property.

4.1.5 Liens on Property

The Property is not subject to any involuntary lien in excess of \$1,000.

4.2 Eligible Property Owners

In addition to the property eligibility requirements, residential Property Owners must meet specific criteria in order to be eligible to participate in the Program. The eligibility criteria for residential Property Owners are set forth

below.

4.2.1 Must be Owner of Record

Only Property Owner(s) who is (are) the owner(s) of record for the respective property shall be considered for Program approval.

4.2.2 Property Owners on Record Must Participate

Property Owner(s) of record for the respective property who meet the requirements mentioned heretofore must sign and thusly execute all related Financing and Program Documents. To be considered for Program approval, properties held in Trust or Business Entity Ownership must furnish to the Program relevant documentation providing clear and exact right to enter into Program-resultant encumbrance upon the respective property. All Trustees must meet underwriting requirements mentioned heretofore.

4.2.2.1 Trust Ownership of the Property

If the subject property is owned by a Trust, the property is eligible for Program participation if adequate documentation of the Trust and the applicants' authority under the Trust is provided with the application. Trustee(s) must meet underwriting requirements and sign all Financing Documents, including the Assessment Contract.

4.2.2.2 Business Entity Ownership of the Property

Most business entity ownership types are eligible for participation in the Program. Adequate documentation of the nature and existence of the business entity and the applicant's authorization to act on behalf of the entity must be provided with the application. Properties owned by partnerships are ineligible for HERO participation. The documentation required depends on the type of entity that owns the property. Underwriter verification that the business is still active is required. This can be done through the secretary of state website

- **Property Ownership by Corporation**

Applicant must provide documentation to show that they have the authority to sign for financing on the company's behalf and be able to sign the Financing Documents without additional member signatures or a board member vote to approve financing by providing the following:

- a. Articles of Incorporation
- b. Bylaws
- c. Signed copy of Corporate Resolution of Board of Directors

- **Property Ownership by LLC**

Applicant must provide documentation showing that they have the authority to sign for financing on the company's behalf and be able to sign the Financing Documents without additional member signatures or a board member vote to approve financing by providing the following:

- a. Articles of Organization
- b. Operating Agreement
- c. Resolution or consent document signed by members naming the authorized individuals to sign contract on behalf of LLC.

4.2.3 Current on Property Taxes

Only Property Owners who are current on their property taxes for the respective property shall be considered for Program approval. Property Owner(s) must also certify that they have been current for the previous three years or since the current owner(s) acquired the property, whichever period is shorter.

4.2.4 No Recent Bankruptcies

Property Owner(s) are not in bankruptcy proceedings and have not been previously subject to a bankruptcy which was discharged 12 months or less prior to the date of application.

4.2.5 Current on All Property Secured Debt

Property Owners must be current on all mortgage debt on the subject Property at the time of application and cannot have had more than one 30-day mortgage-related late payment over the previous 12 months. In addition, the Property must not be subject to any notices of default.

4.2.6 No Property Owner Authority Restrictions

Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien.

4.3 Eligible Assessment Amounts

For residential properties, the value of the property will be the market value based on an automated valuation model (“AVM”) value provided by a third party independent vendor selected by the Program. In addition, if a Property Owner disagrees with the AVM value, the Property Owner may choose to pay for an appraisal from a licensed appraiser approved by the Program and the Program will review the appraisal and provide a determination, which shall be final, whether such AVM may be used for eligibility calculations.

4.3.1 Combined Property Secured Debt Cannot Exceed 100%

The combined amount to be financed under the Program plus the mortgage-related debt for the property must not exceed 100% of the value of the Property.

4.3.2 Minimum Assessment Amount

The minimum assessment amount is \$2,500.

4.3.3 Maximum Assessment Amount

The maximum amount to be financed under the Program may not exceed 20% of the fair market value of the property. The combined amount to be financed under the Program plus the mortgage related debt must not exceed 100% of the value of the Property. Household income is also a consideration and may affect application approval and maximum approval amounts.

4.3.4 Total Property Tax and Special Assessment(s) Not Greater Than 5% of Property Value

The total amount of any annual property taxes and assessments (including but not limited to all PACE, or other local assessments/special taxes) shall not exceed five percent (5%) of the value of the Property, determined at the time Program financing is approved.

4.4 Eligible Products

The Program offers financing for various energy efficiency, renewable energy, and other improvement allowable under Missouri law (“Eligible Products”). Requested Products to be installed must appear on the Eligible Product List or be approved in advance by the Program as a Custom or New Product. The following criteria must also be met.

4.4.1 Eligible Products Must Be Permanently Fixed, New Products

Only permanently fixed, new Eligible Products can be financed by the Program. The following are not eligible for Program financing:

- Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location;
- Previously installed products;
- Products that are not permanently fixed, including appliances, light bulbs and other non-fixtures; and
- Any structural alteration of the roof, the building, or the property related to the installation of a solar PV

system or solar thermal system.

4.4.2 Proposed Products Must Meet Minimum Eligibility Requirements

There are minimum efficiency and/or other requirements for each Eligible Product. **Property Owners will be responsible to confirm with their contractor(s) that only bids with at least the minimum specifications set forth in the Eligible Products List will be acceptable for Program financing.** (See Section 7.3.2 Eligible Product Look Up for more information).

Before ordering or installing products, contractors and/or Property Owners are required to obtain approval that the proposed products are Eligible Products, which they can do by calling the Program (see Section 7.5). When calling in, contractors or Property Owners will need to have all details pertaining to the proposed products such as manufacturer, model number, and other typical identification information readily available in order to complete eligibility approval in a timely manner.

4.4.3 New Products and Custom Projects May Be Eligible

Property Owners who would like to install new products or custom projects that are not listed on the Eligible Product List can fill out and submit a HERO Financing Product Application form. For more information about the process for requesting a new product or custom project, please see Section 7.3.4 New Products or Custom Projects.

The Program recommends that energy efficiency measures be completed prior to installing solar PV systems, as reducing a property's energy demands may also reduce the recommended size of the solar PV systems, solar thermal systems and other renewable energy systems. Additionally, the Program will not finance any structural alteration of the roof, the building, or the property related to the installation of a solar PV system or solar thermal system.

4.5 Eligible Costs

Eligible costs that may be financed under the Program include both the cost of the Eligible Products and the installation costs for such Eligible Products. Installation costs may include, but are not limited to, energy audit costs, appraisals, labor, design, drafting, engineering, permit fees, and inspection charges. The installation must be completed by a contractor of the Property Owner's choice, who has satisfied all registration requirements of the Program.

For Property Owners who elect to complete their Program retrofits at the same time as a larger remodeling project, financing is only available for the retrofitting of the existing structure with retrofit Eligible Products. Repairs to the existing building's envelope, systems, and/or infrastructure are not eligible except where they are necessitated by the installation of the Eligible Product. If a Property Owner is planning to finance Eligible Products included in a larger remodeling project, they should first contact Program Representatives to determine what costs will be eligible for financing.

The cost of installing the Eligible Products must be reasonable and accomplished within industry cost guidelines. The Program shall have the right to refuse to finance any portion of costs reflected in a Completion Certificate that exceeds such guidelines, and/or to request additional documentation or other information to determine the reasonableness of the amount indicated in any Completion Certificate.

4.5.1 Maximum Finance Amount

The HERO Program enforces a maximum financing amount (MFA) on all projects. MFA represents the highest dollar amount (or "ceiling") HERO will finance for a specified product or project configuration. Based on its extensive database of previously funded projects and the market value of eligible products, the HERO Program implements MFAs by comparing project pricing with historical costs for similar projects and products. Those with prices beyond HERO-defined control limits are flagged and must be reviewed before the project can proceed. MFAs account for standard market pricing variation due to a number of factors such as business pricing models and site-specific installation conditions. Products are monitored on an ongoing basis and MFAs may be developed for supplementary products once additional pricing data has accumulated and/or on an as-needed basis.

Only contractors who have registered with the Program may undertake Program-financed installation work. Contractors must register with the Program. In addition, contractors may only install Eligible Products which have been approved by the Program.

PROPERTY OWNERS ARE SOLELY RESPONSIBLE FOR AND MUST INDEPENDENTLY CHOOSE AND CONTRACT WITH THE CONTRACTORS TO WORK ON THE INSTALLATION OF THEIR ELIGIBLE PRODUCTS. THE PROGRAM, THE DISTRICT, RENOVATE AMERICA, AND EACH OF THE PARTICIPATING ENTITIES, THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENT AND ASSIGNS NEITHER ENDORSE NOR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS OR THE OPERATION OF THE ELIGIBLE PRODUCTS, ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, OR THE DESIGN OF SUCH PRODUCTS, OR WARRANT THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF THE ELIGIBLE PRODUCTS.

A current listing of contractors registered for the Program who have also attended the Program orientation can be found on the Program website (www.renovateamerica.com).

4.7 Eligible Assessment Terms

Assessment Contracts may include financing with a 5-, 10-, 15- or 20-year term, but the financing term may not exceed the “useful life” of the installed Eligible Product. A listing of Eligible Products and useful life can be found in Appendix D. The Program reserves the right to approve a different assessment term than requested by a Property Owner based on the useful life of the Eligible Product(s) to be installed. When installing multiple Eligible Products, the maximum financing term available is based on the useful life of the product associated with the greatest financing amount.

4.8 Eligible Rebate Programs and Tax Credits

For energy efficiency and renewable energy Eligible Products, various federal tax credits, state and local rebates, and incentive programs may exist.

Not all Eligible Products will qualify for available federal tax credits and/or state or local utility rebates. For example, some of the federal tax credit specifications require a higher energy efficiency standard than those required by the Program.

Neither the District, Renovate America, the Participating Entities nor their respective officers, employees, agents and assigns make any representation or warranty whatsoever that any Eligible Product or Eligible Products will qualify for or be granted any tax credits, rebates or other incentives.

For information on rebates and tax credits, please visit the rebates pages listed in Section 2.3 above, other resources include a “Rebate Locator” on the Energy Star website (<http://www.energystar.gov/rebate-finder>).

All available up front federal, state, or utility rebates that are assignable to the contractor should be deducted from the assessment amount at the time of financing. The Property Owner and the contractor will be responsible for notifying the Program of the qualification, award or grant of the Eligible Products for any such assignable rebates. **The Property Owner and the contractor will be responsible for notifying the District and Renovate America of the qualification for or award or grant of any such assignable rebates for the Eligible Products installed or to be installed on such Property Owner’s property.**

Performance-based incentives which are paid over time will not be deducted. State or federal tax credits and rebates that are not assignable to the contractor will also not be deducted from the assessment amount, but Property Owners may wish to consider these additional benefits in determining the amount of their financing request.

4.8.1 Solar Rebates and Program Participation

Property Owners who plan to install solar photovoltaic (“solar PV”) or solar systems should participate in applicable rebate programs. Most solar installers can assist Property Owners with applying for these rebates.

4.9 Eligible Number of Assessments

A Property Owner may apply for another assessment under the Program for the same property or an additional property(s), as long as all assessments under the Program for a particular Property Owner still meet all Program requirements, including, but not limited to, guidelines as to maximum assessment limits.

5 Program Requirements

5.1 Renovate America Registered Contractor Application and Registration

All contractors who install Program-financed Eligible Products must apply to become registered with the Program. Contractors must also agree to all Renovate America Contractor Terms and Conditions, including, but not limited to:

- Pulling permits as required by the local building department for the installation of the Eligible Products;
- Obtaining approval of proposed Eligible Products in advance of ordering or installing such Eligible Products by calling the Program or completing the New/Custom Product Application process;
- Installing only Eligible Products that meet the required eligibility specifications; and
- Only installing Eligible Products for which he/she is qualified to install.

Please see section 4.6 regarding Property Owner responsibility for selecting and working with contractors.

5.2 Building Permits and Inspection

Property Owners are responsible for adhering to all applicable permitting requirements within their jurisdiction for installed Eligible Products. The program reserves the right to conduct permit requests at random in accordance with asset verification procedures.

Property Owners should speak with their contractor(s) to determine if their Eligible Products will require a permit and/or inspection.

Program staff may also schedule an on-site validation visit to confirm that the approved Eligible Product was fully and permanently installed before approving a submitted Completion Certificate.

5.3 Fraudulent Activity

Any misrepresentations made to the Program in the application, the contractor's bid or any other document at any time during the Program may cause the Property Owner and/or the contractor to be terminated from the Program and may result in legal action. For example, such misrepresentation may, in the sole discretion of the Program, result in a denial of an application, a notification that any installed Eligible Products will be ineligible to be financed by the Program, or a legal proceeding, civil or criminal, to recover any fraudulently obtained funds.

5.4 Required Documents

Documents must be submitted at different steps in the Program process. For a list of required documents which must be submitted and when they need to be submitted, please see Section 7, Program Process.

6 Financial Terms

6.1 Costs to Apply

There are no costs to apply for HERO Financing.

6.2 Assessment Costs

Below are the costs to utilize Program financing for the installation of Eligible Products on your property. Please call the HERO Program hotline (855-HERO-411) to request all current rates and fees. All rates and fee are set

when the Financing Documents are issued, and will be identified in the Financing Documents.

6.2.1 Program Administration Fee

A Program Administration Fee is a one-time fee that can be financed or paid up front by the Property Owner. The Program Administration Fee covers the cost of issuing bonds by the District to finance the installation of Eligible Improvements and the costs to approve and fund installation of such Eligible Products. The amount of the Program Administration Fee is identified in the Financing Documents.

6.2.2 Interest Rate

The interest rate on the assessment will be based on market rates and the requested financing term. The final interest rate will be set at the time the Financing Documents are issued and sent to the Property Owners and will be identified in the Financing Documents. Current rates can be found on the Renovate America Program website.

6.2.3 Interest Before First Payment

Interest before first payment will be added to the Property Owner's assessment amount for the period between the date funds are disbursed to the contractor and April 1st of the year in which you make your first assessment payment. Interest before first payment can be rolled into the financed amount or paid upfront by the Property Owner at closing. The maximum amount of interest will be disclosed in the Property Owner's Financing Documents (based on the project expiration date). Depending on the date the assessment is recorded on the Property Owner's property, the first assessment payment may not be due until the following tax year.

6.2.4 Recording Fees

Fees for the recording of the assessment lien documents and related notices on the property may be owed. These fees are subject to change.

6.2.5 Annual Assessment Administration Fee

Each tax year an Annual Assessment Administration Fee will be added to the Assessment Installment on the property tax bills for collection. This fee covers the annual costs to place the Assessment Installment on the property tax bill, administer collection and disbursement of the assessment payments and to administer the bonds issued to finance the installation of Eligible Products. The Annual Assessment Administration Fee may be adjusted annually. The Annual Assessment Administration Fee will be identified in the Financing Documents.

6.2.6 Tax Collection Administration Fee

Each year, an annual tax collection administration fee may be added to the assessment lien amount on the property tax bill. This fee is collected by the local county tax collector as part of the ordinary tax collection process, and generally ranges between 1.5%–2% of the annual assessment payment amount (depending upon the county where the Property is located), but is subject to change in subsequent years. However, the tax collection administration fee may exceed this estimate. The Program does not determine or guarantee the amount of the fee, which may vary by year depending upon the county where the Property is located. Property Owners should contact the local county tax collector for more information.

6.3 Assessment Repayments

Property Owners will repay principal and interest over 5, 10, 15, or 20 years, depending on their approved term. Payment will be billed and paid through a separate line item on the property owner's property tax bill. The estimated not-to-exceed payment schedule will be incorporated into the Assessment Contract that Property Owners sign, which sets forth the estimated annual special assessment installments due during the term of the Assessment Contract. The final payment schedule will be provided to each Property Owner by the Program prior to the Disbursement Date pertaining to such Property Owner's Assessment Contract. Failure to make the full annual assessment payment when due will result in the accrual of additional interest and penalties. Any annual special assessment amount that remains unpaid on the first day of January annually shall be delinquent and the District or the county collector shall have the right to have such delinquent special assessment, penalties and

interest immediately enforced through a foreclosure action or a land tax sale that could result in a sale of the Property for the payment of such delinquent special assessment, penalties, interests and associated costs.

6.4 Prepayments

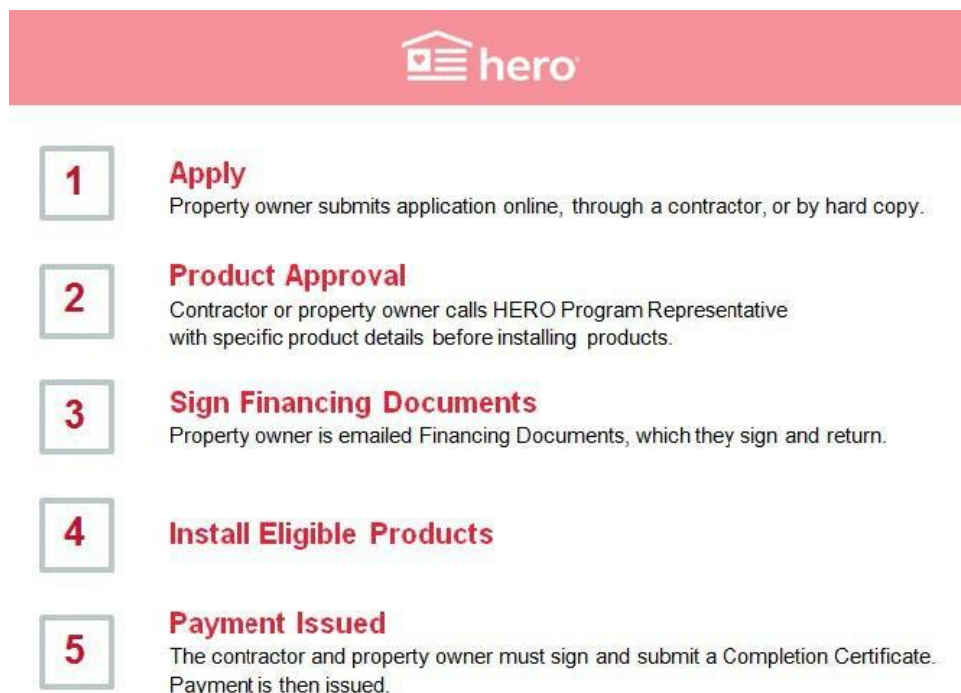
Property Owners may choose to pay off their assessment amount at any time in full, or in any amount of at least \$2,500. A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the second business day of the second month following the date the prepayment is made. In order to prepay, the Property Owner will need to contact the Program to initiate the prepayment process.

7 Program Process

The Program Process section describes the entire process for residential Property Owners, contractors, and Program Representatives from before the project begins, though all steps of the financing process.

7.1 Process Overview

The chart below shows the steps for the completion of a residential project financed through the Program:



7.2 Step 1: Apply

7.2.1 Application

Each Property Owner will need to complete an application.

Property Owners have the option of submitting the application:

1. online: www.renovateamerica.com
2. phone: 855-HERO-411
3. fax: 858)-815-6860
4. email: info@heroprogram.com,

4. mail:

The HERO Program
16409 W. Bernardo Drive
San Diego, CA, 92127

5. or through a contractor registered with the Program.

Submission of an application does not guarantee that a Property Owner will be approved for financing. Also, if a Property Owner proceeds with ordering or the installation of any Eligible Products prior to approval of the application and entering into an Assessment Contract with the District, the Property Owner risks becoming ineligible for Program financing. Furthermore, if a Property Owner is approved for financing but then installs products that are not eligible, those products will not be funded.

By submitting an application, Property Owners are specifically authorizing and agreeing that the Program staff has permission to obtain a credit report for each Property Owner and any other informational reports needed to verify bankruptcy and current property debt, obtain a property valuation, verify the Property Owners' declarations regarding title to the property and current and historical property tax status, and complete any other necessary record checks to verify information in the application or confirm eligibility for the Program.

7.2.1.1 Secure Online

A secure online application for the Program is available on the Program website (www.renovateamerica.com). The online application is a step-by-step process where each applicant provides personal and property information. Applicants who receive an "approved" response to their application may then obtain approval of the proposed Eligible Products by calling the Program at 855-HERO-411 (see Section 7.3 for details). Applicants who receive a "conditionally approved" or "in review" message regarding their application will be contacted by a Program Representative once the application has been reviewed, but may also correspond with the Program either by email at info@heroprogram.com or through the call center at 855-HERO-411. Applicants will also receive notification emails regarding their application status.

7.2.1.2 Hard Copy Application

In addition to the online application, a hard copy application is also available for Property Owners to fill out. The applicant may obtain the hard copy application by downloading it from the Program website, calling Program Representatives at 855-HERO-411, or emailing Program representatives at info@heroprogram.com. Program information and documents are available through these same methods. Once completed, a Property Owner may submit a hard copy application by mail, e-mail, facsimile, or in person to the contact information stated above.

7.2.1.3 Contractor Call In

Contractors who have registered with the Program may, with the approval of a Property Owner, call in an application to the Program and receive approval over the phone. The Property Owner must fill out the hard copy application, provide that information over the phone, and then fax, email or mail a signed version of the application with a copy emailed by the Program to the Property Owner. As with the online application, calling in and then faxing or emailing the signed application allows quick processing and official notification of financing eligibility.

7.2.2 Application Results

Applicants will receive official notification of the status of their applications immediately if applying through the online system or through the contractor call in method (with a confirming email). If applying through a hard copy application, the Program will notify applicants of the application status determination by email or mail once the application is processed. There are four possible application review results:

Approved. An application will be approved if Program staff has verified all of the items listed in the Eligibility Requirements for properties and Property Owners. An "approved" applicant will receive an Approval Letter with instructions about the next steps for obtaining Program approval of Eligible Products, signing Financing Documents, installing of Eligible Products, and submitting the Completion Certificate. **An "approved" applicant must comply with all Program requirements for these items, or will not be approved for funding at a later date.**

Conditionally Approved. An application will be conditionally approved if all the submitted information meets the underwriting eligibility requirements, but, based on certain information that was encountered during processing, additional information or documentation is required. If the Property Owner complies with the listed additional conditions, the application will then be approved. Examples of “conditions” that might be required are trust documents for property in a trust’s name or corporate authorization documentation when the property is owned by a corporation. It is within the Program staff’s discretion to request specific types of additional documentation depending on the issues related to the application.

In Review. An application will be “in review” if the Program staff and/or the automated underwriting system is unable to connect the property with the Property Owner using the information that was submitted by the applicant or any issues arise during verification of eligibility requirements. “In review” applicants will be notified by email or mail of the issues that need to be resolved before the application can move forward. If the applicant has any questions, he or she can always call the Program to speak with a Program representative at 855-HERO-411.

Denied. An application will be denied if Program staff determines the Property Owner or the property do not meet the eligibility requirements. A Property Owner will be notified in writing by mail of the specific reason(s) why his or her application was denied. If the Property Owner believes there has been an error based on the stated reasons in the declination letter and is unable to resolve it quickly by contacting Program staff, the Property Owner must follow the steps set forth in Section 8, Dispute Resolution, in order to formally contest the Program’s decision.

7.3 Step 2: Obtain Product Approval

Property Owners must obtain approval of all Eligible Products and enter into an Assessment Contract with the District **PRIOR TO** ordering the contractor to order or install the Eligible Products.

7.3.1 Scope of Project - Obtain Quote

Property Owners must determine which Eligible Product(s) they wish to finance through the Program.

Property Owners can work directly with an energy auditor and/or contractors to determine the scope of their project. Funding is only available for products listed on the Eligible Products List and Custom Products, if approved by the Program. (See section 7.3.2 Eligible Product Look Up for more information.)

It is highly recommended that Property Owners perform a comprehensive energy audit on their property before considering any Eligible Products. A comprehensive audit applies building science principles from data collected on the subject property utilizing sophisticated diagnostic equipment including a blower door, duct blaster, and digital infrared camera to precisely detect the cause and measure the effects of building performance related problems.

To find an energy auditor, contact the Building Performance Institute (BPI) or RESNET. Some energy auditors also provide home performance contracting work and specialize in energy efficiency products.

As some homes may not have proper solar exposure or the structural framework to support the weight of a solar system, Property Owners who are considering the installment of a solar PV or solar thermal system are encouraged to contact one or more qualified solar system installers for a solar site evaluation.

Property Owners should also register and then complete the rebate process for their solar PV projects with the appropriate local utility, when available.

7.3.2 Eligible Product Look Up

Prior to submitting an application, contractors and Property Owners may do preliminary research to determine whether a product is eligible. The current Eligible Products List is available at www.renovateamerica.com/support/faq#tab5. However, Property Owners may not purchase or install Eligible Products until they have received an email from the Program with an attached Completion Certificate, listing the approved Eligible Products (including the particular model and its cost) for all of the items they plan to install and entered into an Assessment Contract with the District.

7.3.3 Contact Call Center for Product Approval

Contractors or Property Owners will need to call the Program at 855-HERO-411 to obtain approval of specific Eligible Products and installation costs before Financing Documents, including the Assessment Contract, are emailed to the Property Owner. The installation cost provided by the contractor or Property Owner is a “Not to Exceed” amount and the final invoiced amount of the project may not exceed this amount.

This process should be followed for each Eligible Product included in the project. If a different Eligible Product or model needs to be installed, the contractor or Property Owner must contact the Program representatives again and repeat the process outlined above.

To help determine which Eligible Products to install, the current Eligible Products List and the minimum specifications and/or installation requirements for each Eligible Product is available on the Program website (www.renovateamerica.com/support/faq#tab5).

7.3.4 New Products or Custom Projects

Property Owners who would like to install new or custom projects that are not listed on the Eligible Product List can fill out and submit a HERO Financing Product Application form. The Property Owner and/or contractor will need to provide the following:

1. The product/project that they wish to install,
2. Installation costs,
3. Basis for eligibility (energy savings or renewable energy production), and
4. The product, if any, being removed.

During the review, Program Representatives may request additional information, including additional contractor bids if the submitted bid appears to be unreasonable.

All new product applications will be reviewed and receive one of the following decisions:

1. Request denied
2. Approved as a new product and added to the Eligible Product List
3. Approved as a Custom Project.

A Custom Project is defined to be a one-time requirement whereby the circumstances are such that the project (product included) passes the energy efficiency scrutiny in the case that is being requested. Approval of a Custom Project for one property will not be considered to establish a precedent that would necessarily be applied to other properties.

The Program reserves the right to approve or disapprove of new products and custom projects. Reasons for denial may, but need not, include any of the following: it appears that the proposed product is not cost effective, is too experimental or unreliable, the claimed energy savings or renewable energy generation product is not clearly supported, the costs do not appear to be in conformance with industry standards, or installation of the product may violate local laws or regulations. The Program will provide a written explanation for any denial of a New Product Request Form.

7.4 Step 3: Sign Financing Documents

After products are approved, Program Representatives will email Property Owners their Financing Documents, which must be signed and received by the Program at 16409 W. Bernardo Drive, San Diego, CA, 92127 by the date stated on the signature page of the Assessment Contract:

1. Signed Financing Summary;
2. Signed Assessment Contract (and memorandum thereof, if applicable) with exhibits thereto; and
3. Signed Application.

The due date on the signature page of the Assessment Contract will generally be ten (10) calendar days from the

date of issuance of the Financing Documents. This means that the original, executed Financing Documents must be received by the Program by the close of business on the stated due date. Financing documents can be signed via the Program's eSignature process, or by printing the documents out, signing, and delivering the documents to the location listed above.

If all Property Owner(s) for a particular property fail to sign and submit Financing Documents by the required date, new Financing Documents will need to be issued with a new interest rate. Repeated delays requiring repeated reissuance of Financing Documents, however, may result in a cancellation of approval or processing fee charges for Program financing.

The Property Owner will also receive an email, which informs the Property Owner and contractor of the next steps. Included with the Financing Documents will be the Completion Certification, which will list the approved Eligible Products and the date by which the installation of the Eligible Products must be completed.

The Property Owner and Contractor can update the details of an Assessment Contract through an Addendum to the Assessment Contract.

Samples of all the HERO Financing Documents referenced in Section 7.4 can be found on the Renovate America Program website. Links to the Sample Financing Documents located in Appendix C.

7.5 Step 4: Install Eligible Product(s)

A Property Owner and the District must enter into an Assessment Contract and the Property Owner must sign all Financing Documents (see Step 3 above) and receive the 'Notice to Proceed' email PRIOR to ordering Eligible Products or commencing or causing the commencement of installation of such products.

Installation may only be completed by a contractor who has registered with the Program. Eligible contractors may register with the Program if they have met all the requirements and sign an agreement to comply with all Program terms and conditions. See Section 4, Eligibility Requirements.

All Eligible Product installations, inspections or validations, and submission of the Completion Certificate and required attachments must be completed on or before the expiration date specified on the Completion Certificate. Applicants who are completing larger projects and/or who believe they need more time than the date specified in the Completion Certificate may contact the Program to come to an agreement on an appropriate completion period.

If the completion date occurs without the Program agreeing to an extension in writing, the Property Owner may be required to sign new Financing Documents.

Please see section 4.6 regarding Property Owner responsibility for selecting and working with contractor(s).

7.5.1 Building Permit Requirements

Property Owners are responsible for obtaining building permits and completing inspections, including final inspection sign-off, by the appropriate city or county or other municipality Building Department. Property Owners are also responsible for ensuring that their Eligible Products have met all other applicable federal, state and local laws and regulations. Property Owners should speak with their contractors to determine if their Eligible Products require a building permit and/or inspection and what requirements must be met.

The Program has the right to schedule an on-site validation visit once the Completion Certificate is submitted for any installed, Program-financed Eligible Products (see Section 4.3 below).

7.6 Step 5: Payment Issued

7.6.1 Submit Completion Certificate

Once installation of the Eligible Products is complete, the Property Owner must complete and submit an executed

Completion Certificate and all required attachments to the Program for approval. To do so, the following conditions must be met: (1) all installed Eligible Products or Custom Products have been specifically approved by the Program in advance of installation and listed in one or more Completion Certificate(s); (2) all Eligible Products or Custom Products to be financed have been completed and installed in compliance with Program rules; and (3) Property Owner has submitted a complete Completion Certificate within the financing period set forth in the application approval letter.

In executing the Completion Certificate the Property Owner is certifying, among other things, that:

- **The products installed on such owner's property are completed to such owner's satisfaction; and**
- **The Property Owner understands that the selection of the contractor and acceptance of the materials used and the work performed is such owner's responsibility. Please see section 4.6 regarding Property Owner responsibility for selecting and working with contractors.**

If any Property Owner has any questions regarding the certifications contained in the Completion Certificate or concerns regarding the effect of executing such Completion Certificate, the Property Owner is advised to consult such Property Owner's own legal counsel prior to executing the Completion Certificate.

1. The Completion Certificate must be submitted with signatures from the contractor and Property Owner(s) and may additionally require the following documents;
2. A fully executed home improvement contract, including all pages and addendums from all contractor(s);
3. If required by the jurisdiction, a pulled (initial) building permit from the appropriate city or county building department for all permitted Eligible Products or Custom Products, unless additional permitting requirements are specifically required below. The Program reserves the right to require a final permit for all permitted Eligible Products or Custom Products, as determined by the Program and as practiced by the jurisdiction;
4. Specific Eligible Product Attachments:
 - a. Cool Roof (Prescriptive or Performance) - Copy of final building permit inspection card;
 - b. A current list of the required attachments for the Completion Certificate will be provided on the Program website (www.renovateamerica.com/support/faq#tab5) and on the Completion Certificate Instructions page that a Property Owner receives with their Completion Certificate.

Completion Certificates and required attachments may be submitted to the Program by facsimile, email, mail or hand delivery.

If an on-site validation visit is required before approval or the Completion Certificate is incomplete, Program Representatives will notify the Property Owner by email or mail of the next steps.

It typically takes less than 3 business days to receive payment after the Completion Certificate and associated documents have been properly submitted and approved, however, the time to receive payment may take a longer period of time.

7.6.2 Right to Validate Products

The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the Property Owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data.

7.7 Record Lien on Property and Issue Payment

After receiving the executed Completion Certificate, the Program will record the assessment lien documents with the applicable municipality, issue bonds to finance the cost of the installation of the Eligible Products and other costs of the financing and issue payment. Payment will be issued to the contractor(s) listed on the Completion Certificate(s) signed by the Property Owner.

7.8 Assessment

For all Property Owners who sign Financing Documents, the Program will annually submit to the county tax collector, a tax roll that identifies the assessment lien and the Assessment Installment, together with all administrative fees due (including but not limited to an annual assessment administration fee and an annual tax collection administration fee. This assessment payment will appear as a separate line item on a property owner's annual tax bills for the term of the financing.

7.8.1. Property Tax Bill

Property Owners who finance improvements through the Program must be able to pay the agreed-upon assessment regardless of a change in personal financial circumstances, the condition of the property, or the condition or operation of the installed Eligible Products. In the event of failure to pay the assessment, the District or the county collector shall have the right to have such delinquent special assessment, penalties and interest immediately enforced through a foreclosure action or a land tax sale that could result in a sale of the Property for the payment of such delinquent special assessment, penalties, interests and associated costs.

Recordation of the special assessment lien on the property will establish a continuing annual lien.

If the Property Owner wishes to sell the property, under Missouri law, property taxes typically stay with the property when it is sold and the same is true with special assessments. Under the HERO Program, when a Property Owner sells or refinances their property, the District will permit its special assessment to stay with the property; **however, the seller's lender or the buyer's lender may require that the seller pay off the remaining outstanding balance of their special assessment when the Property Owner refinances their home or sells their property. Accordingly, depending upon the requirements of the lenders, the special assessment lien may be able to remain (or in the case of a refinancing allow it to remain with the property), or the seller may need to pay the unpaid balance at the time of transfer or refinance.** Property Owners should consult with their lenders at the time of refinance or sale of the property to determine whether their Program assessment will need to be paid in full.

If a property owner uses an impound account to pay his or her taxes, the lender will increase monthly impound payments to account for the Assessment payment.

The annual special assessment amounts and any associated ongoing fees will be based on the installation costs, Program financing fees, ongoing administrative fees and the interest rate of the Program. Amounts will be specified in the Financing Documents in the Schedule of Assessment Payments incorporated into the Assessment Contract.

8 Dispute Resolution

The parties who have signed an Assessment Contract for the Program shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Assessment Contract under the Program by negotiations between the District or designated representative and the Property Owner. Either party must give the other party or parties written notice (sent by certified mail) of any dispute. Within thirty (30) calendar days after delivery of the notice, the District and the Property Owner shall meet at a mutually acceptable time and place, and shall attempt to resolve the dispute. If the matter has not been resolved within thirty (30) calendar days of the first meeting, any party may pursue the remedies indicated in the Assessment Contract, which may including mediation. All negotiations and any mediation conducted pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations, to which Missouri Statute Section 435.014, Federal Rule of Evidence

408 and Missouri case precedent regarding the confidentiality of settlement negotiations shall apply, and these statutory provisions and case law regarding the confidentiality of settlement negotiations are incorporated hereby reference. Each party is required to continue to perform its obligations under the Assessment Contract pending final resolution of any dispute arising out of or relating to the Assessment Contract.

Property Owners who wish to dispute decision(s) made by the District, but who have not signed a formal Assessment Contract, shall use a similar process. Written notice must be sent by certified mail to The HERO Program at 16409 W. Bernardo Drive, San Diego, CA, 92127. The notice must identify the issue(s) for resolution, the circumstances that surround the issue(s), the section in the Program Handbook that the issue(s) pertain(s) to, and a timeline of events. Within thirty (30) calendar days after delivery of the notice, the District with the Property Owner, and shall attempt to resolve the dispute. The District shall render a written decision in 30 calendar days and send that decision to the Property Owner. The decision of the District is final.

9 Additional Requirements and Terms

Additional requirements and terms for the Program are set forth in Appendix B to this Program Handbook. **ALL PROGRAM APPLICANTS, PROPERTY OWNERS, AND CONTRACTORS ARE SUBJECT TO THESE ADDITIONAL REQUIREMENTS AND TERMS AS APPLICABLE AND ARE RESPONSIBLE FOR REVIEWING AND UNDERSTANDING THESE ADDITIONAL REQUIREMENTS AND TERMS. APPLICANTS, PROPERTY OWNERS AND CONTRACTORS ARE RESPONSIBLE FOR CONTACTING THE PROGRAM STAFF FOR CLARIFICATION OF ANY ADDITIONAL REQUIREMENT OR TERM THAT IS NOT UNDERSTOOD AND/OR SEEKING ADVICE FROM THEIR OWN ATTORNEY REGARDING ANY SUCH ADDITIONAL REQUIREMENT OR TERM.**

10 Appendices

Appendix A: Glossary of Terms

Annual Fuel Utilization Efficiency (AFUE): AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

Assessment Contract: A contract entered into between a Property Owner or Property Owners and the District to provide financing for the installation of Eligible Improvements on property of such owner or owners under the HERO Program.

Assessment Contract Addendum: An addendum to the Assessment Contract that is used to make corrections to the contract and/or modify the contract to make desired project changes.

British Thermal Units (Btu): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

Building Performance Institute (BPI): BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

Building Permits: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

Coefficient of Performance (COP): The COP is the basic parameter used to report efficiency of refrigerant based systems.

Commercial: Commercial entities are defined as all non-residential properties and include apartment buildings, industrial properties, and agricultural properties.

Completion Certificate: A document signed by the Property Owner and contractor upon completion of the project.

Contractor: A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

Cool Roof: A cool roof reflects and emits the sun's heat back to the sky instead of transferring it to the building below. "Coolness" is measured by two properties, solar reflectance and thermal emittance. Both properties are measured from zero (0) to one (1) and the higher the value, the "cooler" the roof

Cool Roof Rating Council (CRRC): The CRRC is an independent, non-profit organization that maintains a third-party rating system for radiative properties of roof surfacing materials.

Custom Projects: Energy conservation products that require special approval to be financed through the HERO Program because the products are not included on the approved Eligible Products List. Custom Projects should save energy or produce renewable energy for a reasonable cost.

Energy Audit: An evaluation of energy consumption, as in a home or business, to determine ways in which energy can be conserved.

Energy Efficiency Ratio (EER): EER is a measure of how efficiently a cooling system will operate when the outdoor temperature is at a specific level (95of). The higher the EER, the more efficient the system.

Eligible Products: A link to the HERO Eligible Products list is included in Appendix D of this Program Handbook.

Energy Star: EnergyStar is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

Expected Performance-Based Buy-Down (EPBB): Systems smaller than 30kw in capacity can receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a \$ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

Evapotranspiration (ET): ET is a term used to describe the sum of evaporation and plant transpiration from the Earth's land surface to atmosphere.

Financing Documents: The Financing Documents are all the documents which the Property Owner must sign as set forth in the application, Completion Certificate and Assessment Contract.

Heat Seasonal Performance Factor (HSPF): HSPF is the most commonly used measure of a heat pump's heating efficiency. The higher the HSPF, the more efficient the heat pump.

HERO Program: The Home Energy Renovation Opportunity (HERO) Program is the largest energy efficiency financing program in the United States. HERO partners with local governments to make energy efficient and renewable energy products more affordable for homeowners. HERO is unique in that it provides financing for approved energy efficient and renewable energy products. HERO repayments are made through your property taxes.

Home Energy Rating System (HERS): Based on the home's plans, the Home Energy Rater uses an energy efficiency software package to perform an energy analysis of the home's design. This analysis yields a projected, pre-construction HERS Index. Upon completion of the plan review, the rater will work with the builder to identify the energy efficiency Eligible Products needed to ensure the house will meet ENERGY STAR performance guidelines. The rater then conducts onsite inspections, typically including a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the plan review, are used to generate the HERS Index score for the home.

Improved Property: Improved property is land with one or more structures on it. It is the opposite of vacant or unimproved property. Only approved products on Improved Property are financeable through the HERO Program.

Interconnection Agreement: A legal document authorizing the flow of electricity between the facilities of two electric systems.

Kilowatt (kW): A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand. The watt is a metric measurement of power (not energy) and is the rate (not the duration over which) electricity is used. 1,000 kW is equal to 1 megawatt (MW).

Kilowatt Hour (kWh): The use of 1,000 watts of electricity for one full hour. Unlike kW, kWh is a measure of energy, not power, and is the unit on which the price of electrical energy is based. Electricity rates are most commonly expressed in cents per kilowatt hour.

Market Value: Highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

Megawatt (mW): Unit of electrical power equal to one million watts; also equals 1,000 kW.

PACE: Property Assessed Clean Energy (PACE) is financing for energy efficiency and renewable energy projects that can be paid back over time as a special assessment that will be collected with the same priority as ad valorem real property taxes.

Program: The Missouri HERO Program.

Real Property: A property in a city, county, town, village or other municipality that is participating in the Program that is subject to a real property tax.

Performance Based Incentive (PBI): Solar installations over 30 kW must take the PBI. Any sized system can elect to take PBI. The PBI pays out an incentive, based on actual kWh production, over a period of five years. PBI payments are provided on a \$ per kilowatt-hour basis.

Renewable Energy: Electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, small hydropower, and various forms of biomass.

Residential: Single family home, four (4) or fewer residential units.

R-Value: R-Value is a measure of thermal resistance used in the building and construction industry, usually for insulation. The higher the R-Value, the greater the insulation qualities of the product.

Seasonal Energy Efficiency Ratio (SEER): SEER is most commonly used to measure the efficiency of central air conditioners and air source heat pumps. SEER measures how efficiently a cooling system will operate over an entire season. The higher the SEER, the more efficient the system.

Solar Heat Gain Coefficient (SHGC): SHGC measures how well a product blocks heat by sunlight. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the less solar heat is transmitted into the building.

Solar Rating and Certification Corporation (SRCC): The SRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

Appendix B: Additional Requirements and Terms

In addition to the Program eligibility criteria and requirements described above in the Program Handbook, the following additional terms are required of Property Owners who participate in the Program.

Property Owner Agrees to All Program Terms

By execution of the Assessment Contract documents, each executing Property Owner certifies that they have read, understood and agreed to the terms of the Program as outlined in the Program Handbook in addition to the terms of the Assessment Contract. Property Owner also thereby certifies that the Property Owner(s), the property, and the products meet all Program eligibility requirements.

Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. A full understanding of any item listed below can be gained only by reviewing the relevant laws, policy statements, and/or the contractual documents related to the Program. The Program Administrator is committed to your understanding each of the items listed below before you enter into an Assessment Contract, and invites you to ask Program representatives any questions regarding these items or if you need copies of any document related to the Program.

Program Disclosures and Disclaimers.

Existing Mortgage. The Program establishes the manner by which the District may finance the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between you and the District.

BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO A PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY THE DISTRICT. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

If a property owner uses an impound account to pay his or her taxes, the lender will increase monthly impound payments to account for the Assessment payment.

Foreclosure. After January 1st of each year, the District or the county collector shall have the right to have such delinquent special assessment, penalties and interest immediately enforced through a foreclosure action or a land tax sale that could result in a sale of the Property for the payment of such delinquent special assessment, penalties, interests and associated costs.

Authority to Install Products

By execution of the Assessment Contract documents, each Property Owner represents that he or she has the authority to install the approved products on the property named in the Assessment Contract documents.

No Endorsement by the District or Renovate America

The Property Owner(s) understand, acknowledge and agree that review of the proposed products, the determination that such products are Eligible Products and authorization for Program funding of the installation of such products by the District and Renovate America shall not be construed as a confirmation or endorsement of the qualifications, efficiency or performance of such products, the contractors that installed such products, the manufacturer of or any other person involved with the products; or the design of the products; or a warranty or guaranty the performance, economic value, energy savings, safety, durability or reliability of such products.

Property Owner Is Responsible for Products, Permits and Inspections

The Property Owner is solely responsible for all products installed on his or her property, including the selection of any contractor(s), energy auditor(s), or equipment, including manufacturers. Any performance related issues are the responsibility of the Property Owner and the Property Owner's contractor(s). Neither the District nor its agents are responsible for the performance of the products. **THE DISTRICT, RENOVATE AMERICA, EACH OF THE PARTICIPATING ENTITIES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES AND AGENTS DO NOT ENDORSE OR RECOMMEND CONTRACTORS WHO REGISTER WITH THE PROGRAM, NOR DO THEY GUARANTEE, WARRANTY OR OTHERWISE INSURE THE COMPLETION OF THE INSTALLATION OF THE ELIGIBLE PRODUCTS BY SUCH CONTRACTORS OR THE OPERATION OF THE ELIGIBLE PRODUCTS OR ANY OTHER PERSON INVOLVED WITH THE INSTALLED PRODUCTS, THE DESIGN OR MANUFACTURE OF SUCH PRODUCTS, OR THE ECONOMIC VALUE, ENERGY SAVINGS, SAFETY, DURABILITY OR RELIABILITY OF SUCH PRODUCTS.**

Completion of all city, county and any other applicable permitting and inspections are the responsibility of the Property Owner.

Program May Inspect Products

The Program reserves the right to inspect any and all products financed by the Program at any time during installation or when a Completion Certificate is submitted to ensure compliance with the Program.

Dispute Resolution

The parties to any Assessment Contract under the Program shall attempt in good faith to resolve any dispute arising out of or relating to it promptly by negotiations between the District and an authorized representative of the Property Owner.

Defaults on Assessment Payments

After written notification, defaults in payment of annual special assessments may result in the initiation of foreclosure action or a land tax sale after January 1st following such default.

Rebates and Tax Credits

Federal, state, or local laws or rebate programs may change at any time. Therefore, the Program is not liable for any loss of or change in a rebate or tax credit. Property Owners should consult with their tax advisors and/or accountants as to the applicability of any federal tax credits to their personal tax situation.

Program Database

All information obtained from Property Owners through the Program will be used only for purposes of the Program, utility rebate programs, energy savings tracking, and federal or state grant program funds tracking and surveys.

Releases and Indemnification

By submitting a Program application, Property Owner thereby acknowledges the District has established the Missouri HERO Program solely for the purpose of assisting the Property Owners in the Participating Entity where their property is located with the financing of Eligible Products and that the District, each

Participating Entity, Renovate America and their respective officers, employees, agents and assigns have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of such Eligible Products. Property Owner agrees that the Property Owner and his or her successors in interest to the fee simple title in the subject property shall be solely responsible for the installation, operation, financing, refinancing or maintenance of such Eligible Products. Participation in the Program does not in any way obligate the District, any Participating Entity, Renovate America and/or their respective officers, employees, agents and assigns to guarantee or ensure the performance of any Eligible Products. Property Owner hereby acknowledges that the subject property will be responsible for payment of the contractual assessment regardless of whether the products are properly installed or operate as expected.

Property Owner also agrees to release, defend, indemnify, and hold harmless the District, the Participating Entities, their respective officers, employees, agent assigns, from and against any claims, actions, demands, costs, damages or lawsuits, including the payment of attorney fees and cost of court, arising out of or in any way connected with his or her participation in the Program, including, without limitation, the installation, maintenance or repair of the products or compliance with any applicable federal, state or local laws.

Disclosure of Participant Information

By submitting a Program application, Property Owner agrees that the District may disclose his or her personal information to Program staff, and that the District and Program staff may disclose that information to third parties when such disclosure is essential to the conduct of the Districts or its member agencies' business or to provide services to Property Owner, including, but not limited to, where such disclosure is necessary to (i) comply with the law, legal process or our regulators, (ii) enable the District or the Program staff or consultants to provide services to Property Owner and to otherwise perform their duties, and (iii) obtain and provide credit reporting information.

In order to receive funding for this Program and to enable communication regarding rebate programs, Property Owner consents to the release of his or her name and contact information to the utility solar rebate program operated by the local Utility. Property Owner further agrees to the release of his or her name and contact information and the subject property's utility usage data as well as data from the online monitoring of any renewable energy system installed for 12 months before installation of the improvements and up to 24 months after installation of the improvements from the local utility company to the District, Program staff, its grantors, and its designated contractors for the purpose of conducting surveys and evaluating the Program and its impact. The Program reserves the right to access utility bill information and online monitoring of installed renewable energy systems (if the Property Owner or system owner has elected to set up online monitoring). In addition, Property Owner understands that the District is a public agency which, in certain circumstances, may have an obligation to release information under the Missouri Sunshine Law or pursuant to court order.

Contractor Marketing Guidelines

The District has provided Contractor Trademark and Logo Usage Guidelines for any third party wishing to reference the Program in that third party's marketing materials. These guidelines should be strictly adhered to or such third party will risk being excluded from participating in the Program in the most severe instances.

Appendix C: Program Forms and Documents

Contractor Participation Terms and Conditions

www.renovateamerica.com/terms-conditions

Sample Financing Documents & Program Handbook

www.renovateamerica.com/financing/hero/sample-documents

Privacy Policy

www.renovateamerica.com//privacy-policy

Appendix D: Eligible Products List

The HERO Eligible Products List can be found on the Renovate America program website at www.renovateamerica.com/support/faq#tab5.